

MEMORANDUM

TO: Audit Committee
Jon Strinden
Ron Leingang

FROM: Jamie Kinsella, Internal Auditor

DATE: February 10, 2005

SUBJECT: **August 11, 2004 Audit Committee Meeting**

In Attendance:
Jon Strinden via conference call
Ron Leingang
Jamie Kinsella
Sharon Schiermeister
Shelly Stuber

The meeting was called to order at 10:35 a.m.

I. May 12, 2004 Audit Committee Minutes

The audit committee minutes were examined and approved by the Audit Committee.

II. Goals and Objectives Project Update

The updated goals and objectives report on the activities that occurred during the last quarter in the internal audit division was included with the audit committee materials.

III. Administrative

- A. Quarterly Audit Finding Status Report – As stated in the Audit Policy #103, the Internal Audit Division is to report quarterly to management and the audit committee the status of the audit findings of the external auditors, as well as any found by the internal auditor. A copy of the report was included with the audit committee materials.
- B. Position Reclassification – Ms. Kinsella provided an update on the Internal Auditor III Position Information Questionnaire (PIQ) reclassification. Ms. Kinsella conveyed that Human Resource Management Services had finished their initial review but it would also have to be reviewed another staff person. It was anticipated the reviews should be completed by August 13.
- C. Audit Committee Self Assessment Questionnaire Results – Included with the audit committee

materials were the results of the Audit Committee Self Assessment Questionnaire. The results of this summary will be used to work on the Audit Committee Checklist project and Audit Committee Charter project.

- D. Audit Committee Checklist Project – Ms. Kinsella indicated since the self-assessment questionnaire was completed, the Audit Committee Checklist was updated. Ms. Kinsella proposed working on some of the remaining questions to determine what would be the best recommendation for the audit committee and present the results at the November audit committee meeting. By general consensus, the audit committee approved discussing this at the November audit committee meeting.
- E. Audit Committee Charter Revision Project – One of the goals listed in the Internal Audit Plan is to assist the Audit Committee in reviewing and updating the Audit Committee Charter. A copy of the working document was included with the audit committee materials. Ms. Kinsella conveyed she is still reviewing the self-assessment and updating the information on the working document. Ms. Kinsella felt she would have it completed by the November audit committee meeting for discussion.
- F. Audit Committee Manual and Information – Due to the recently conducted board elections, the audit committee has a new member. Ms. Kinsella put together an Audit Committee Manual that would include various information of interest to the audit committee to help them learn more about the audit committee, their function, and the Internal Audit Division. The manual was provided to the audit committee members.
- G. Special Projects – Ms. Kinsella indicated in June she met with Ms. Sharon Schiermeister to discuss the various projects or procedures that have not been completed due to time constraints. As a result, some of these may become issues with the external auditors. Ms. Kinsella conveyed that the Internal Audit division may be able to assist in completing some of the major projects. Ms. Schiermeister compiled a list of important projects. Ms. Kinsella then determined what projects could be completed by Internal Audit division without compromising their independence or without having a detrimental impact on the audit plan. Once it was determined what projects Internal Audit would assist with, Ms. Kinsella sent an email to the Audit Committee Chair and the Executive Director in July notifying them of the special projects Internal Audit would be undertaking. Ms. Kinsella pointed out in the future, if there is a significant change to the Internal Audit Division's work plan, the audit committee and the Executive Director would be notified.

IV. Miscellaneous

- A. November 2004 Audit Committee Meeting Date and Time – The November 2004 audit committee meeting is scheduled for Wednesday, November 10, 2004 at 10:30am in the NDPERS Conference room, Wells Fargo Bank Building. However, the meeting may need to be changed to a later date in November. Discussion followed. The meeting was rescheduled to Wednesday, November 17, 2004 at 10:30am in the NDPERS Conference room.
- B. Eide Bailly Update – Eide Bailly LLP worked in the NDPERS office the week of June 14 through June 18 for their preliminary audit. The auditors will return August 23 to conduct their fieldwork and plan to have the preliminary financial reports drafted and waiting for actuarial information by September 3.

- C. IIA Central NoDak Chapter Newsletter – Ms. Kinsella indicated she volunteered to take over the IIA Central NoDak Chapter monthly newsletter.

The meeting adjourned at 11:15 a.m.